

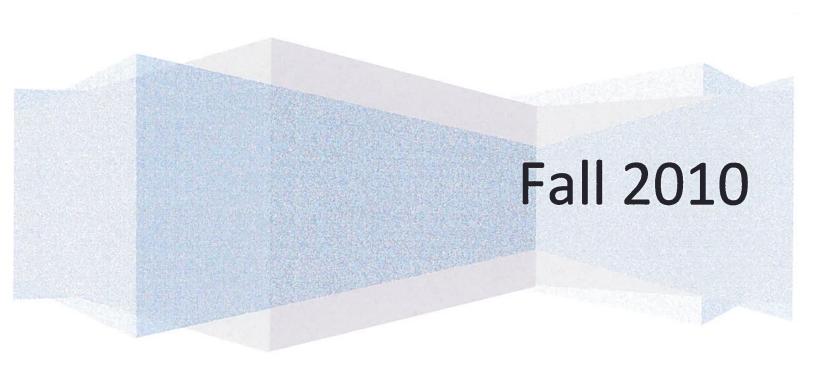
INSURANCE and Financial Services



## **New Program Application**

#### **Insurance and Financial Services**

**Associate in Applied Science** 



# Insurance and Financial Services – Associate in Applied Science

#### **Executive Summary**

Due to the increase in demand for insurance positions in the region, the lack of an official program in South Dakota, and the graying of the insurance industry in South Dakota, Southeast Technical Institute proposes a new branch of the Financial Services program that specializes in Insurance. This program will have the same first year core as our current Financial Services program, which is focused on banking. The program will cover multiple areas of insurance industry including claims, underwriting, and curriculum covering the different variations of insurance products. The curriculum is based upon industry need and will assist our graduates towards the path for licensure, which is needed by many insurance positions. The program will be offered traditionally at STI starting Fall 2010 and STI will petition the Higher Learning Commission to offer it as a fully online program starting Fall 2011. The program has the support of the Independent Insurance Agents of South Dakota and numerous insurance agencies in South Dakota, Minnesota, and lowa.

#### **Identification and Description of the Program:**

Insurance is a broad industry with a dynamic career field that includes areas like sales, claims, adjusting and underwriting. STI is proposing a new program in Insurance that is a variation of our Financial Services program. The first year of the program provides a solid background in business administration principles including courses in Accounting, Business Law, Microsoft Office and Business Communications. In the second year of study, there will be specific courses in insurance areas including Property Casualty, Commercial Insurance, Claims, Life Insurance, Health Insurance and Operations and Regulations. The program will provide the students the opportunity to take technical electives to prepare them for their path within the Insurance industry, and also provide them the learning experience of an internship.

#### **Objectives and Purpose of the Program:**

The primary objective of this program is to provide qualified personnel for all segments of the insurance industry. This objective will be met by providing an education that prepares the graduate to enter into one of several available positions. Another objective of this program is to provide a solid foundation for those professionals working toward licensure.

The insurance industry is made up of professionals serving in many different roles. People are probably most familiar with the Insurance Agent who is responsible for selling the contract or insurance policy to an individual or a business. This program will provide students with sales courses in addition to specific insurance courses.

The insurance agent relies upon a claims department to handle the times when a client has a loss that is covered by their insurance policy. The claims department consists of claims adjusters who are supported by records management and data entry clerks. These professionals work together to provide the insured with the compensation for their loss.

The insurance industry is a highly regulated industry with licensure needed for professionals ranging from sales agents to customer support agents. The insurance curriculum isn't specifically designed for the purpose of passing insurance licensure exams, but all STI curriculum is based upon current industry requirements.

#### **Methods of Attaining the Objectives of the Program:**

Upon receipt of the State Board of Education approval, Southeast Technical Institute will recruit up to 28 students for the first year to begin in Fall of 2010. The marketing campaign to recruit students will include web, print and radio spots. Southeast is in the midst of a major marketing campaign for all of the Business Programs at STI.

The first year of the Insurance Program is the same as our current Financial Services program so we will recruit from our existing students as well. We believe that we will have several students transfer from different programs and we will also have several students double-major.

The Insurance program will be offered traditionally at STI, but we plan to make a proposal to the Higher Learning Commission in Fall 2010 for an online program as well, to start as soon as Fall 2011.

During the development of the Insurance program, STI has worked with several individuals in the Insurance industry. As with all programs, STI will develop an advisory board to help assist in the development and refinement of curriculum.

# Description of Labor Market Demands of the United States, State of South Dakota, Student Needs, and Industry Support

#### **National Data**

Nationwide, the Insurance Industry directly employees almost a million people and employs several million when looking at the related positions within larger companies.

According to the Bureau of Labor Statistics, there will be a national increase of 7% for people working with insurance claims. Based upon May 2008 numbers from the Bureau of Labor Statistics, this would equate to a growth of over 16,600 jobs.

Nationally, there will be a larger increase for Insurance Sales Agents. The Bureau predicts a 12% growth in the number of Sales Agents needed over the next ten years. In May 2008, there were 327,780 Insurance Sales Agents in the United States. The 12% increase would mean that there will be almost 40,000 jobs available in this area. As STI moves towards an online degree, we hope to serve the regional and national student.

#### State/Regional Data

According to the South Dakota Department of Labor, approximately 2% of the workforce of South Dakota is directly involved in the Insurance Industry. This includes over 1,600 Insurance Sales Agents, 1,290 Insurance Claims and Policy Processing Clerks and 500 Claims adjusters, examiners, and investigators. The South Dakota Department of Labor puts the base number of employees in Insurance Carriers and Related Activities at 6,530. They have projected a growth of 23% during the next ten years to reach a projected employment number of 8,030 in 2016.

#### **Student Needs**

This program will provide students with an opportunity to enter an expanding industry that has many different entry points, areas for growth, and training that meets industry need and also helps the student in their expectation of licensure. The program provides a background in business, finance, and insurance to make them a fit for small to large companies or gives them an opportunity to be an independent agent.

#### Population to be Served by the Program:

Southeast will recruit students from a variety of backgrounds, including both traditional and non-traditional. It is anticipated that this program will attract students directly out of high school in addition to those who are unemployed, underemployed and those wanting to make a career change. We believe that existing students will look at this program as a viable option in addition to a finance or a business degree.

Southeast will also move this program to an online degree in order to serve rural South Dakota and small town agencies. Southeast will also market this online degree to insurance hubs located in South Dakota and other states.

#### **Program Capacity**

Starting Semester	Delivery Format	Capacity
Fall 2010	Traditional Day	28
Fall 2011	Online	24

#### **Projected Three-Year Budget Plan**

BUDGET PROJECTIONS				
Year	2010-2011	2011-2012	2012-2013	
Salaries/Benefits	\$12,000.00	\$27,000.00	\$66,000.00	
FTE	Adjunct	Adjunct	1.0	
Staff Travel	\$250.00	\$1,000.00	\$1,000.00	
Instructional Materials	\$3,500.00	\$2,000.00	\$2,000.00	
Software/Books/Fees	\$1,000.00	\$1,000.00	\$1,000.00	

#### Salaries/Benefits/FTE

The Insurance Program shares a common core with our Financial Services program. The Financial Services program has included some insurance courses as part of its curriculum. The Financial Services program faculty will take the lead on the Insurance program for the first 2 years as the program develops. STI will staff the specific insurance classes with adjunct instructors from the insurance industry. As STI moves the program to an online format, we would hire an instructor to teach the online classes and take over the program from our Financial Services faculty.

#### Program Competencies and entry and exit points of suboccupations:

Program competencies are to be originally based upon survey results of the insurance industry in South Dakota, Iowa, and Minnesota. In addition, the Insurance program worked with insurance professionals that reviewed the program and will add an advisory board upon approval from the South Dakota Board of Education.

The strongest aspect of the proposed Insurance program is the wide range of entry and exit points for this degree. As stated earlier, Insurance has many facets and positions within the industry. This degree provides the student with the background to become a sales agent, a claims representative, a support person and to allow for the possibility of working with different financial products within the insurance industry.

The business core and diversity of curriculum will allow students to move throughout insurance companies. STI is constantly working to provide additional paths through articulation agreements with 4 year colleges. We will make sure that students graduating from this program, have similar opportunities like our other business programs.

#### **Statement of nonduplication:**

Southeast Tech will be the only provider of an Associate of Applied Science degree in Insurance in the State of South Dakota.

#### **Curriculum Design and Research:**

Semester	Course Title	Credits	Lec/Lab
First			
BUS 101	Introduction to Business	3	3/0
CIS 105	Introduction to Computers	3	2/2
ACCT 210	Principles of Accounting I	4	3/2
BUS 140	Business Law I	3	3/0
ENGL 101T	Composition	3	3/0
SSS 100	Student Success Seminar	2	2/0
Second			
ACCT 211	Principles of Accounting II	4	3/2
MATH 115	College Math	3	3/0
SPCM 101T	Fundamentals of Speech	3	3/0
BUS 130	<b>Business Communications</b>	4	3/2
PSYC 101T	General Psychology	3	3/0
Third			
INS 2XX	Intro to Claims	3	3/0
MKT 160	Principles of Selling	3	3/0
BUS 217	Customer Service	3	3/0
INS 2XX	Technical Elective	3	3/0
BUS 209	Life & Health Insurance	3	3/0
INS 2XX	Intro to Underwriting	3	3/0
Fourth			
SOC 150	Social Problems	3	3/0
INS 295	Insurance Internship	3	
Or			
INS 294	Service Learning	3	
INS 2XX	Property & Casualty Insurance	3	3/0
INS 2XX	Commercial Insurance	3	3/0
INS 2XX	Technical Elective	3	3/0
Total		66	

#### **Wage Factor**

Data from the South Dakota Department of Labor puts the average hourly wage from \$12.32 to \$29.30 for jobs within the Insurance industry. Wages at the 10<sup>th</sup> percentile were from \$9.04 to \$19.09. See Table Below:

South Dakota Department of Labor Data			
Position	Employees	Average Hourly	10 Percentile
		Wage	Wage
Claims adjusters, examiners, and investigators	570	\$24.79	\$17.96
Insurance underwriters	230	\$29.30	\$19.09
Insurance sales agents	1620	\$23.50	\$12.80
Insurance claims and policy processing clerks	1290	\$12.32	\$9.04

Data from the National Department of Labor puts the average hourly wage from \$16.75 to \$30.09 for jobs within the Insurance Industry. Wages at the 10<sup>th</sup> percentile were from \$10.98 to \$16.83. See Table Below:

National Department of Labor Data			
Position	Employees	Average Hourly	10 Percentile
		Wage	Wage
Claims adjusters, examiners, and investigators	277230	\$27.67	\$16.41
Insurance underwriters	98690	\$30.09	\$16.83
Insurance sales agents	327780	\$29.06	\$12.56
Insurance claims and policy processing clerks	237800	\$16.75	\$10.98

Survey data of regional insurance sales agents produced these responses from 52 representatives from South Dakota, Minnesota and Iowa.

Total Jobs Available		Salaries Available			
1 Year	3 Year	5 Year	1 Year	3 Year	5 Year
27	51	82	\$28,038	\$35,553	\$60,209

### Appendix A – Letters of Support

#### **Larry Ahrendt**

Director of Independent Insurance Agents of South Dakota

Craig Peters, EdD
Director of Academic Support\
Southeast Technical Institute
2320 N Career Ave
Sioux Falls SD 57107

Re: Insurance Course of Study

Craig,

I would like to take this opportunity to thank you and President Holcomb for your support and efforts in helping to bring an insurance course of study to fruition. As you know, I have been working on this issue for a number of years and would have liked to have seen these results occur much earlier.

Over the past decade, we have witnessed a definitive graying of those folks who work within the insurance industry and a definite decline in the number of young people entering the insurance business. When you couple these factors with an ever increasing demand for insurance coverages, it is my considered opinion that the state may be approaching a time when there will not be an adequate supply of educated and experienced professionals available to meet the demand. One only needs look back to September 11, 2001 and Katrina to grasp the importance of the insurance industry. Hopefully, our great state will be spared the effects of a major catastrophe; however, we will always experience weather-related issues, fires, accidents, injuries and death. Our citizens rely on their insurance professionals to provide them with coverage to protect their families and property. We as insurance professionals and educators have a duty to assure the South Dakota citizen that their needs will be met as we move forward.

With regard to those students who elect to pursue an insurance course of study, there will be opportunities for employment in a vast array of careers ranging from producer through adjustors. We, as a Professional Association, will do all that we can to assist the institute in the promotion of the project. Again, thank you for your assistance in making this project a reality.

Sincerely,

Larry Ahrendt